MIC

Union of Myanmar Investment Commission
Sr No 834
Dated 19.1.2011

Form (2)

The Myanmar Investment Commission

PERMIT

Permit No. 453/2011 Date 12 JANUARY, 2011

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law-

(a) Name of Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT

(b) Citizenship MYANMAR

(c) Address BUILDING NO.(6), NAY PYI TAW, MYANMAR

(d) Name and Address of principal organization BUILDING NO.(6), MINISTRY OF ENERGY, NAY PYI TAW

(e) Place of incorporation 101-2901 LOTTE CASTLE PRESIDENT, 467 GONGDEOK-DONG, MAPO-GU, SEOUL, THE REPUBLIC OF KOREA, 111, NORTH BRIDGE ROAD, #08-16, SINGAPORE (179098)

(f) Type of business in which investment is to be made CRUDE OIL AND NATURAL GAS EXPLORATION AND PRODUCTION

(g) Place(s) at which investment is permitted BLOCK M-15, TANINTHAYI OFFSHORE AREA

(h) Amount of foreign capital US $ 45.35 MILLION

(i) Period for bringing in foreign capital 2011 TO 2017

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US $ 45.35 MILLION

(k) Permitted duration of investment 6 YEARS

(l) Name of the economic organization to be formed in Myanmar

KOREA MYANMAR DEVELOPMENT COMPANY LIMITED& BRILLIANT OIL CORPORATION PTE., LTD.

Chairman

The Myanmar Investment Commission

မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၄၅၃/၂၀၁၁ ၂၀၁၁ခုနှစ်၊ဇန်နဝါရီလ ၁၉ ရက်

ပြည်ထောင်စု မြန်မာနိုင်ငံတော် နိုင်ငံခြား ရင်းနှီးမြှုပ်နှံမှု ဥပဒေ ပုဒ်မ (၁၀) အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည်-

(က) ကမကထပြုသူ၏အမည် ညွှန်ကြားရေးမှူးချုပ်၊ စွမ်းအင်စီမံရေးဦးစီးဌာန

(ခ) မည်သည့် နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ ရုံးအမှတ် (၆)၊ နေပြည်တော်

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့် လိပ်စာ စွမ်းအင်ဝန်ကြီးဌာန၊ ရုံးအမှတ်(၆) နေပြည်တော်

(င) ဖွဲ့စည်းရာအရပ် 101-2901 LOTTE CASTLE PRESIDENT, 467 GONGDEOK- DONG, MAPO-GU, SEOUL, THE REPUBLIC OF KOREA , 111, NORTH BRIDGE ROAD, #08-16, SINGAPORE (179098)

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ရေနံ နှင့် သဘာဝဓါတ်ငွေ့ ရှာဖွေ တူးဖော် ထုတ်လုပ်ခြင်း လုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) လုပ်ကွက် M-15 တနင်္သာရီကမ်းလွန်ဒေသ

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၄၅.၃၅ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ၂၀၁၁ ခုနှစ် မှ ၂၀၁၇ ခုနှစ် အထိ

(ည) စုစုပေါင်း မတည်ငွေရင်းပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၄၅.၃၅ သန်း နှင့် ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့် သက်တမ်း ၆ နှစ်

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေး အဖွဲ့အစည်းအမည် KOREA MYANMAR DEVELOPMENT COMPANY LIMITED & BRILLIANT OIL CORPORATION PTE., LTD.

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

Our ref : Ya Ka-1/Na- 634 /2011(834)
Dated : 19 January 2011.

Tel : 067- 406334,406075
Fax : 95-67-406333

Subject : Decision of the Myanmar Investment Commission on the Proposal for "Crude Oil & Natural Gas Exploration and Production of Block M-15 in Taninthayi Offshore Area" under the name of "Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd."

Reference: Ministry of Energy, Letter No. 008/817/Hta(18/2011)dated(7.1.2011).

1. The Myanmar Investment Commission, at its meeting (43 /2010) held on (24- 12 -2010) and the Trade Council, at its meeting(1/2011) held on (12-1- 2011), had reviewed the proposal for investment in "Crude Oil & Natural Gas Exploration and Production of Block M-15 in Taninthayi Offshore Area" under the name of "Korea Myanmar Development Company Limited of the Republic of Korea & Brilliant Oil Corporation Pte., Ltd. of Singapore pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and Korea Myanmar Development Company Limited registered in the Republic of Korea and Brilliant Oil Corporation Pte., Ltd. registered in Singapore. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting (2 /2011) held on (14 - 1 -2011), resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be an initial term of 20(Twenty) years, comprising 12(Twelve) months for the study period and 3 (Three) years for the exploration period and 1(One) year 2(Two) times for the extension of the exploration period.

4. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall pay royalty to the Government equal to 10%(Ten) percent of the value of Available Petroleum from the Contract Area.

5. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall pay to Myanma Oil & Gas Enterprise to the amount of US $ 3,500,000 (United States Dollar Three Million and Five Hundred Thousand Only) as Signature Bonus within 20(Twenty) days after the date of commencement of the initial term of the exploration period.

6. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall pay to Myanma Oil & Gas Enterprise to the amount of US $ 350,000

(United States Dollar Three Hundred and Fifty Thousand Only) as Data Fee within 20(Twenty)days after the date of the signing of the Production Sharing Contract.

7. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall be recovered all Petroleum Costs per Quarter of all Available Petroleum in respect of all Petroleum Operations in such development and production Area as follows:-

Water Depth	
600 feet or less	50%
More than 600 ft	60%

8. Production Split between Myanma Oil and Gas Enterprise and Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall be allocated for Development and Production Area as follows:-

Crude Oil

Water Depth 600 feet or less

BOPD	MOGE(%)	CONTRACTOR(%)
0 – 25,000	70	30
25,001 – 50,000	75	25
50,001 – 100,000	80	20
100,001– 150,000	85	15
Above 150,000	90	10

Water Depth more than 600 feet

BOPD	MOGE(%)	CONTRACTOR(%)
0 – 25,000	65	35
25,001 – 50,000	70	30
50,001 – 100,000	75	25
100,001– 150,000	80	20
Above 150,000	85	15

Natural Gas

Water Depth 600 feet or less

MMCFD	MOGE(%)	CONTRACTOR(%)
0 – 300	70	30
301 – 600	75	25
601 – 900	85	15
Above 900	90	10

Water Depth more than 600 feet

MMCFD	MOGE(%)	CONTRACTOR(%)
0 – 300	65	35
301 – 600	70	30
601 – 900	80	20
Above 900	90	10

9. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall pay Production Bonus to Myanma Oil and Gas Enterprise with respect to each Crude Oil and Natural Gas development and production area as follows:

Productution Bonus

Crude Oil

At BOPD	US $(MILLION)
Upon approval of Development Plan	1.00
25,000(for 90 consecutive days period)	2.00
50,000(for 90 consecutive days period)	3.00
100,000(for 90 consecutive days period)	4.00
150,000(for 90 consecutive days period)	5.00
200,000(for 90 consecutive days period)	10.00

Natural Gas

At MMCFD	US $(MILLION)
Upon approval of Development Plan	1.00
150(for 90 consecutive days period)	2.00
300(for 90 consecutive days period)	3.00
600(for 90 consecutive days period)	4.00
750(for 90 consecutive days period)	5.00
900(for 90 consecutive days period)	10.00

10. After the commencement of commercial production of Crude Oil, shall fulfil as its obligation 20%(Twenty) percent of Crude Oil and 25% (Twenty Five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90%(Ninety) percent of the Fair Market Value.

11. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall provide Training Fund to the amount of US $ 50,000 (United States Dollar Fifty Thousand Only) per annum for Exploration Period and US $ 100,000 (United States Dollar One Hundred Thousand Only) per annum for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5%(Zero Point Five) percent of its share of profit Petroleum in favour of Myanma Oil and Gas Enterprise.

12. Myanma Oil and Gas Enterprise shall have the right to demand from Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. that a up to 20%(Twenty) percent after commercial discovery and up to 25% (Twenty Five) percent undivided interest, if the reserves is greater than five (5) Trillion cubic feet.

13. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company.

(a)	If the amount of Net Profit is up to and including US$ 100 million (United States Dollar One Hundred Million Only)	40%
(b)	If the amount of Net Profit is between US$ 100 million and US$ 150 million (United States Dollar One Hundred Million Only and United States Dollar One Hundred and Fifty Million Only)	45%
(c)	If the amount of Net Profit is over US$ 150 million (United States Dollar One Hundred and Fifty Million Only)	50%

14. In issuing this "Permit," the Commission has granted the following exemptions and reliefs.

(a) As per section-21(a), exemption from income tax up to 36 (Thirty Six) consecutive months starting from the month of commencement of commercial operation.

(b) As per section-21(b), regarding exemption from income-tax on profits of the business if they are maintained in a reserve fund and re-invested therein within one year after the reserve is made, Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall apply for such exemption only after the 36 (Thirty Six) consecutive months tax holiday period.

(c) As per section-21(c), Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall be granted to accelerate depreciation in respect of machinery, equipment, building of other capital assets used in the business to the extent of the original value for the purpose of income-tax assessment. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall have to apply to the Commission such rates of depreciation.

(d) As per section-21(d), Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall have the relief from income tax up to 50 percent on the profits accrued from exports.

(e) As per section-21(e), Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the Company and the right to deduct such payment from the assessable income.

(f) As per section-21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(g) As per section-21(g), regarding the right to deduct from the assessable income such expense incurred in respect of research and development relating to the Company which are actually required and are carried out within the State, Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall apply, upon actual performance of such research and development programme, only after 36(Thirty Six) consecutive months tax holiday period.

(h) As per section-21(h), regarding the right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall file the case, if any, to the Ministry of Finance and Revenue with regard to Article-4 of the Income Tax Amendment Law,1991.

(i) As per section-21(i),exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which they are imported as they are actually required for use during the period of construction.

(j) As per section-21(j), exemption from customs duty and all other internal taxes on such raw materials and additional imports of machinery, equipment and spare parts which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction. However, such imports shall be subject to the approval endorsed by the Ministry of Energy.

15. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.

16. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

17. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

18. The official date of operation shall be reported to the Commission.

19. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall endeavour to meet the targets for Exploration and Production of Petroleum stated in the proposal as the minimum target.

20. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

21. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;

(b) the detailed lists of the type and value of foreign capital defined under Section - 2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Committee.

22. Whenever brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 21(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

23. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure (1)]

24. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

25. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No.Ya Ka-1/139/94(0440) dated 30-6-94[Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

26. Payment of principal and interest of the loan(if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Korea Myanmar Development Company Limited. & Brilliant Oil Corporation Pte., Ltd.

27. Korea Myanmar Development Company Limited & Brilliant Oil Corporation Pte., Ltd. in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

(Maung Maung Thein)
Chairman

Director General
Energy Planning Department

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Ministry of National Planning and Economic Development
5. Ministry of Finance and Revenue
6. Ministry of Commerce
7. Ministry of Energy
8. Ministry of Foreign Affairs
9. Ministry of Home Affairs
10. Ministry of Immigration and Population
11. Ministry of Labour
12. Ministry of Electric Power (2)
13. Chairman, Foreign Capital Evaluation Committee
14. Director General, Directorate of Investment and Company Administration
15. Director General, Customs Department
16. Director General, Internal Revenue Department
17. Managing Director, Myanma Oil and Gas Enterprise
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank
20. Managing Director, Myanma Insurance
21. Managing Director, Myanma Electric Power Enterprise
22. Director General, Directorate of Trade
23. Director General, Immigration and National Registration Department
24. Director General, Directorate of Labour
25. Chairman, Union of Myanmar Federation of Chambers of Commerce and Industry(UMFCCI)